

# Client Alert

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## The CFPB Publishes Report on Prepaid Card Complaints

By **Obrea O. Poindexter** and **Jeremy R. Mandell**

Today, the Consumer Financial Protection Bureau (“CFPB”) published its monthly [complaint report](#), this time focusing on complaints about prepaid products.

The complaint report notes that, as of February 1, 2016, the CFPB has handled 811,700 complaints across all consumer financial products. Only 4,300, or merely 0.5 percent, of these complaints related to prepaid products. Moreover, while the CFPB notes in its associated [press release](#) that “prepaid products are one of the fastest growing types of consumer financial products in the country,” the report states that “prepaid card complaints showed the least month-over-month percentage increase [in complaints] (0 percent).”

A relatively low number of complaints were reported despite, according to the CFPB press release, a “large number” of prepaid product complaints received “in recent months” regarding Empowerment Ventures, LLC (the parent company of RushCard). Last fall, RushCard reportedly experienced technical issues and some consumers complained that were unable to access their funds for a period of hours or days.

The CFPB report includes a discussion of the “most-complained-about companies” that issue prepaid products, and notes that consumer complaints about the seven most-complained-about companies represent approximately 95 percent of all consumer prepaid product complaints forwarded by the CFPB to companies in September through November 2015. However, six of the seven most-complained-about companies had a three-month average of fewer than 20 complaints over the reported period. In fact, complaints about Empowerment Ventures, LLC, again likely relating to the reported RushCard technical issues, accounted for about 78 percent of the complaints about these seven companies during the measurement period.

The most frequent types of prepaid complaints reported by the CFPB included an inability to access funds; expired prepaid cards where the company declined to re-issue cards with remaining balances; various fees, such as replacement card, monthly, inactivity, transaction, balance inquiry, PIN change, and overdraft; unauthorized funds withdrawals; and companies freezing an entire available balance to prevent further loss following a consumer’s dispute of a particular charge.

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